

Message Text

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ACTION AF-06

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FM AMEMBASSY CONAKRY

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TAGS: EMIN EINV US GV

SUBJECT:KAISER AND MIFERGUI

REF: A) STATE 305612 B) STATE 302872 C) STATE 304609 D) KAISER
ENGINEERS TELEX OF DEC 22

PLEASE PASS THE FOLLOWING MESSAGE TO MR. RAYMOND A. HAILE VICE PRES-
IDENT AND GENERAL COUNSEL KAISER STEEL COPORATION AND MR. DONALD
A. DUFFY KAISER INDUSTRIES CORPORATION. KAISER CENTER 300 LAKE-
SIDE DRIVE, OAKLAND, CALIFORNIA FROM MINISTER ISMAEL TOURE. QUOTE.
MR. RAYMOND A. HAILE, KAISER STEEL CORPORATION AND MR. DONALD
A. DUFFY, KAISER INDUSTRIES CORPORATION:

1. WE ARE EXTREMELY PLEASED TO RECEIVE YOUR TELEX OF DECEMBER 22
FROM KAISER ENGINEERS, YOUR CABLE OF DECEMBER 29 IN CARE OF THE
U.S. EMBASSY CONAKRY AND YOUR TELEX AND CABLE OF DECEMBER 31 CON-
CERNING THE PROPOSED TRAVEL SCHEDULE TO OAKLAND OF OUR REPRE-
SENTATIVES. WE WISH TO THANK YOU FOR YOUR EFFORTS TO DATE AND
WISH TO INFORM YOU OF THE FOLLOWING A) WE WANT TO STRONGLY REITER-
ATE OUR COMPLETE AGREEMENT WITH YOUR PROPOSAL TO APPROACH OTHER
POTENTIAL FOREIGN PARTNERS OF WHICH WE INCLUDE MITSUBISHI ON
BEHALF OF THE MIFERGUI NIMBA COMPANY B) WE ARE PREPARED TO DIS-
CUSS WITH THE PRESENT PARTNERS OF MIFERGUI-NIMBA YOUR
PROPOSED ENGINEERING SERVICES CONTRACT C) WE ARE PLANNING A
MEETING OF THE FULL MANAGEMENT COMMITTEE IN BRUSSELS ON JANUARY
13, 1976 TO BRIEF THE GROUP ON THE CURRENT STATUS OF OUR DIS-
CUSSIONS. ON JANUARY 14 AND 15 WE HAVE SCHEDULED A MEETING WITH
LAMCO JOINT VENTURE IN BRUSSELS TO FINALIZE THE BASIC AGREEMENT.
D) WITH REGARD TO THE VISIT OF OUR REPRESENTATIVES TO OAKLAND WE

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ACCEPT YOUR SECOND PROPOSED ITINERARY WITH DEPARTURE SCHEDULED

FROM CONAKRY MONDAY JANUARY 12 VIA SN 421 FOR BRUSSELS, DEPARTING BRUSSELS SATURDAY JANUARY 17 AT 1105 VIA SN 605 CONNECTING IN LONDON WITH TWO 761 ARRIVING SAN FRANCISCO SATURDAY JANUARY 17 AT 1845. OUR GROUP WILL INCLUDE THREE PERSONS AND WILL BE LED BY MR. SEKOU OUMAR KEITA, PRESIDENT OF THE MANAGEMENT COMMITTEE OF THE MIFERGUI NIMBA COMPANY. TRAVEL COSTS FOR MR. KEITA WILL BE DEFRAIDED BY MIFERGUI. E) THE DELEGATION WILL BRING WITH THEM THE DOCUMENTS CONCERNING THE TAX REGULATIONS ON PROFITS ARTICLE 8 SECTION C PARAGRAPH B RIDER C.

2. OUR BEST WISHES TO YOU ALL FOR THE NEW YEAR 1976. WARM REGARDS. SIGNED ISMAEL TOURE PRESIDENT OF THE BOARD OF DIRECTORS OF MIFERGUI-NIMBA. UNQUOTE.

3. FOR MESSRS HAILE AND DUFFY FROM DAVID DLOUHY. MIFERGUI MANAGEMENT HELD MEETING WITH MIN. TOURE FRIDAY JANUARY 2 TO A) REVIEW KAISER ENGINEERS PROPOSED SERVICES CONTRACT AND B) DISCUSS KAISER STEEL CABLE OF DECEMBER 29 CONCERNING EQUITY PARTICIPATION. MINISTER FAVORABLY DISPOSED TO CONSIDER KAISER ENGINEERS FOR ENGINEERING CONTRACT. DECISION ON ENGINEERS FOR SECOND PHASE FORWARD WILL BE MADE ON COMPETITIVE BASIS BY MIFERGUI BOARD IN CONSIDERATION OF ALL FACTORS INVOLVED INCLUDING KAISER STEEL PROPOSAL FOR EARNED EQUITY. MIFERGUI WISHES HOWEVER TO MAINTAIN DISTINCTION BETWEEN PLACEMENT OF SHARES AND SELECTION OF ENGINEERING CONTRACTOR. PENSA AND MIFERGUI REPS WILL BE PREPARED TO DISCUSS WITH YOU YOUR PROPOSED EQUITY EARNING SCHEME. OBVIOUS MANY POINTS NEED TO BE CLARIFIED INCLUDING A) THE NEED TO PLACE OUTSTANDING SHARES WHICH WOULD NECESSITATE AN AGREEMENT AT THE OUTSET ON THE EVENTUAL TOTAL OF EARNED SHARES AND B) THE CHANGING VALUE OF SHARES, I.E., INCREASES IN PAID IN CAPITAL.

3. WITH REGARD TO YOUR APPROACH TO OTHER POSSIBLE FOREIGN PARTNERS AND REFERENCE TO MITSUBISHI. MIFERGUI IS STRONGLY INTERESTED IN JAPANESE STEEL PRESENCE IN CONSORTIUM. GUINEAN AMBASSADOR IN TOKYO HAS APPROACHED MITSUBISHI INTERNATIONAL CONCERNING SUCH PARTICIPATION. HOWEVER IT APPEARS NICHIMEN AS MIFERGUI PARTNER WOULD PREFER THAT ANY OTHER JAPANESE PARTNERS PARTICIPATE IN MIFERGUI THROUGH JAPAN-MIFERGUI LTD. WHOSE PARTICIPANTS ARE NICHIMEN (70PERCENT) MITSUI AND CO. (10PERCENT), SUMITOMO TRADING CO. (10 PERCENT) AND OKURA TRADING CO. (10 PERCENT). LIMITED OFFICIAL USE

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MIFERGUI WOULD PREFER THAT FUTURE JAPANESE PARTNERS INCLUDE A MAJOR PRODUCER SUCH AS NIPPON STEEL RATHER THAN ANOTHER TRADING COMPANY.

4. MIFERGUI GRATIFIED BY YOUR DECISION TO PRESENT PROPOSED KAISER EQUITY PARTICIPATION TO BOARD. MIFERGUI ACCEPTS YOUR PROPOSED MINIMUM OF 4 PERCENT AND HOPES TO DISCUSS REQUIREMENTS FOR MAXIMIZING YOUR PARTICIPATION.

5. MINISTER TOURE AS CHAIRMAN OF THE BOARD WAS INCLINED TO COME TO OAKLAND HIMSELF TO ASSIST IN PREPARATION OF PRESENTATION TO BOARD AND TO SATISFY THE BOARD'S QUESTIONS AND REQUIREMENTS CONCERNING KAISER STEEL PARTICIPATION IN MIFERGUI. HOWEVER MINISTER RECOGNIZED HIS POLITICAL ROLE AND DOES NOT WISH TO INJECT GUINEA GOVERNMENT INTO BOARD DELIBERATIONS. HE THEREFORE HAS NOMINATED MR. KEITA AS HIS REPRESENTATIVE TO ASSIST MESSRS. BARRY AND PENSA IN PREPARATION OF BOARD PRESENTATION.

6. FYI FIRST NATIONAL CITY BANK HAS COMPLETED PRELIMINARY REVIEW OF LKAB STUDY AND BANK REP IS RETURNING TO CONAKRY JANUARY 5 FOR DETAILED DISCUSSIONS WITH PENSA ON PROJECT FINANCING.

7. WITH REGARD TO AYEKOYE PROJECT. PLEASED TO HEAR YOU HAVE RECEIVED RFP FROM PETROMIN. AS SOON AS WE RECEIVE CONFIRMED TRAVEL PLANS FOR MR. FISHER WE WILL MAKE ARRANGEMENTS AND SCHEDULE MEETINGS WITH OFAB, MINISTER TOURE, ETC. REQUEST FISHER VISIT BE SCHEDULED FOR WEEK OF JANUARY 12. DLOUHY WILL BE OUT OF COUNTRY JAN 29 TO FEB 19. HAVE CONFIRMED CROS WILL BE IN CONAKRY.

8. DECONTROL UPON RECEIPT.
MACDONALD

NOTE BY OC/T: CONAKRY 0008 NOT PASSED ABOVE ADDRESSEES.

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